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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY
REPLY TO: P.O. BOX 515
BALTIMORE, MD 21203

March 16, 1993

VIA MESSENGER

Ms. Donna R. Searcy
Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, DC 20554

RE: CC Docket 92-297
Local Multipoint Distribution Service

Dear Ms. Searcy:

Alex. Brown is the oldest investment banking firm in the country, established in 1800. We are widely regarded as the leading financier of emerging growth companies, especially technology and communications services companies. We have raised billions of dollars of capital for some of the most exciting entrepreneurial companies in the United States, including Microsoft, Novell, Borland, Silicon Graphics, Octel, Mobile Telecommunications and Qualcomm. Since 1988, we have been ranked #1 among all U.S. underwriters in managing public stock offerings, and since 1980, we have been ranked #2 among all U.S. underwriters in managing financings in the communications and communications technology sectors.

Based on our experience in raising capital for emerging growth companies and our experience as financing agent for Hye Crest Management d/b/a CellularVision of New York ("CVNY"), we believe it necessary to submit these comments regarding the Notice of Proposed Rulemaking in the above-referenced proceeding.

In our opinion, the firm financing requirements in the Notice would unfairly disadvantage entrepreneurs relative to established telecommunications companies. The proposals could impede implementation of 28 GHz systems by preventing emerging telecommunications entrepreneurs from effectively competing with entrenched corporations for the telecommunications services market.

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Raising capital for emerging technological concepts can be a time-consuming and risky process. Investors must be made fully aware of the opportunities and risks involved, due diligence must be completed and contracts negotiated. Even the best, most proven technology-based concepts take months to finance under the most positive circumstances. It is impractical for entrepreneurs to arrange financing in advance since prospective investors will be unwilling to invest their time or commitment to parties who do not yet have licenses. Debt financing, or borrowing, are generally not available in today's lending environment for new companies without securable assets or proven cash flow.

As it stands, a full and complete financing for essentially build-out and one full year of operation will advantage established telecommunications (and CATV) operators who have the capital and local market presence necessary to finance the substantial sums necessary in a short period of time. Such an advantage may actually impede implementation of the systems, as established companies may take longer to implement the system once the approval has been granted, or may otherwise choose to implement the system in a way which minimizes the impact on their other established operations. An entrepreneur who is in the 28 Ghz business only, or primarily, will have greater incentive to rapidly implement the system once finance, to maximize his cash flow, thus, more rapidly providing the U.S. consumers additional choice in telecommunications services.

In this regard, while the Commission is right to put some restrictions on the cumulative time to build out a system, we believe requiring 90% geographic coverage within 3 years may, in many cases, be impractical and not make good business sense. A more flexible approach which allows rapid implementation of service to the maximum number of subscribers in a way that allows the system to begin covering its capital costs in a reasonable time period may be more effective in ensuring such systems are implemented and financeable by entrepreneurs. Arbitrary hurdles which reduce investment returns will prevent systems from being financed and impede implementation.

We believe Suite 12's technology can open the way to a broad new market segment in the telecommunications, information and entertainment markets, and therefore, we support reallocation of the 28 GHz spectrum as proposed in the Notice. As the inventors and early investors in this technology, Suite 12 has truly pioneered this nascent industry and, in our opinion, deserves more favorable consideration for preferences in additional markets to help solidify the foundation for 28 GHz services and enhance the credibility of this emerging market. More specifically, the granting of the Pioneer preference in Los Angeles

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as requested by Suite 12 in addition to the New York license, will give more credence to this technology and other new technology in the eyes of financial investors who will play a major role in the ultimate development of new and innovative telecommunication services. If the intent of the Pioneer preference rule was to reward entrepreneurs and investors risking vast sums of money to bring technological advancements, certainly Suite 12 is deserving of this preference which, if granted, will encourage many other entities to strive for similar achievements.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick J. Kerins". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

Patrick J. Kerins
Principal

PJK/smh